

Message Text

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44

ACTION EUR-12

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INFO AMEMBASSY BONN

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E.O. 11652: N/A

TAGS: EIND, ETRD, EEC

SUBJ: ATTITUDES OF GOF AND FRENCH IRON AND

STEEL INSTITUTE TOWARDS EC MINIMUM PRICE PROPOSAL

REF.: (A) EC BRUSSELS 11173, (B) BONN 20296,

(C) DUSSELDORF 1605

SUMMARY. FRENCH NOT SANGUINE REGARDING STEEL MINIMUM

PRICE ADOPTION, BUT GOF WILL CONTINUE TO EXERT

PRESSURE IN BRUSSELS. IMPOSITION OF MINIMUM PRICES

IS NOT CONSIDERED POLITICALLY POSSIBLE BY FRENCH

IRON AND STEEL INSTITUTE OFFICIALS DUE TO FRG

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OPPOSITION. END SUMMARY.

1. WE HAVE RECENTLY DISCUSSED THE EC MINIMUM PRICE PROPOSAL WITH OFFICIALS OF FRENCH MINISTRY OF INDUSTRY AND FRENCH IRON AND STEEL INSTITUTE (INDUSTRY MINISTER D'ORNANO HAS BEEN THE STRONGEST ADVOCATE WITHIN GOF FOR MEASURES UNDER TREATY OF PARIS TO ASSIST EC STEEL INDUSTRY; INSTITUTE PRESIDENT JACQUES FERRY HAS BEEN FRENCH STEEL INDUSTRY'S PRIME SPOLESMAN FOR SUCH MEASURES).

2. MINISTRY OF INDUSTRY OFFICIAL DIRECTLY CONCERNED WITH IRON AND STEEL QUESTIONS SAID HIS MINISTRY WAS CONTINUING TO PUSH FOR SETTING OF MINIMUM PRICES UNDER ARTICLE 61 OF PARIS TREATY. HE DID NOT VOLUNTEER OPINION ON WHETHER EFFORTS WOULD BE CROWNED WITH SUCCESS BUT EXPRESSED PERSONAL VIEW THAT ENTIRE MATTER WAS NOT OF CRUCIAL IMPORTANCE AS EUROPEAN STEEL INDUSTRY WAS IN ANY CASE WORKING ITSELF OUT OF PRESENT DEPRESSED STATE. HE GAVE NO INDICATION THAT THIS PERSONAL VIEW MEANT A SLACKENING OF FRENCH EFFORTS IN BRUSSELS TO BRING TREATY OF PARIS TO LIFE.

3. FRENCH IRON AND STEEL INSTITUTE OFFICIAL STATED GOF AND FRENCH STEEL INDUSTRY HAD SPEARHEADED DRIVE FOR TREATY OF PARIS ACTIONS, STARTING WITH JACQUES FERRY'S PRESS CONFERENCE OF LAST MARCH. CONFRONTED WITH DIRECT QUESTION OF WHETHER HE BELIEVED MINIMUM PRICES UNDER ARTICLE 61 WOULD ACTUALLY COME INTO EFFECT, HE ANSWERED NEGATIVELY. FRANCHE, HE SAID, WAS BACKED BY BELGIUM AND LUXEMBOURG AND TO LESSER EXTENT BY UK AND ITALY. THEREFORE, CLEAR MAJORITY EXISTED FOR EC MINIMUM PRICES AND EC COMMISSION COULD LEGALLY ACT ON EXPRESSED DESIRE OF MAJORITY; HOWEVER, IT WOULD BE POLITICALLY IMPOSSIBLE TO IMPOSE MINIMUM PRICES AGAINST THE WILL OF THE FRG. IN HIS VIEW, THE FRG'S OPPOSITION WOULD PREVAIL.

4. INSTITUTE OFFICIAL SAID FRENCH RAW STEEL PRICES WERE FIRING UP, ABOUT 5 PER CENT INCREASE SINCE NOVEMBER. HE DID NOT FORESEE STRONG UPTURN IN ORDERS LIMITED OFFICIAL USE

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UNTIL FEBRUARY OR MARCH BUT EXPRESSED VIEW SLIGHT RECOVERY WAS ALREADY UNDERWAY. REGARDING STEEL PRODUCTION IN 1975, HE COMMENTED IT WAS EXPECTED TO BE DOWN ABOUT 19-20 PER CENT FROM 1974 (NOTE: FRANCE PRODUCED 27 MILLION TONS OF RAW STEEL IN 1974).

5. COMMENT: FRENCH WILL PROBABLY CONTINUE TO URGE MINIMUM PRICES AT BRUSSELS; HOWEVER, THERE IS HARDLY

MOOD OF OPTIMISM IN PARIS FOR SUCCESS. BUT FRENCH
ECONOMIC RECOVERY, HOWEVER MODERATE, IS UNDERWAY
AND THIS FACT SHOULD HELP ASSUAGE FOR THE PRESENT
THE BITTERNESS FELT AT PERCEIVED DILATORY ACTIONS OF
THE COMMISSION AND STERN OPPOSITION OF THE FRG.
GAMMON

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